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FRANCE - MERCHANT SHIPPING

A. POLICIES

1. The French merchant marine is not nationalized, although it receives substantial subsidies from the Government for purposes of ship construction and operation. Traditional French policy has permitted freedom of action by the merchant marine providing no conflict arises with state interests. The merchant marine, however, is at present under government requisition, due to surviving war-time controls. This situation does not represent a permanent government policy, and it is intended to return the merchant marine to private hands as soon as conditions permit. Mention should be made, nevertheless, of a growing tendency by the government in recent years to assume a greater control of shipping companies through state participation in capital reorganization of companies in state receivership. There is agitation in some quarters for nationalization of the merchant marine, but thus far, proponents of government ownership have made little progress.
3. (a) French Government policy is to subsidize both merchant & ship construction and operation. The subsidies take various forms, such as: construction loans, low charter rates on government-owned vessels, operating and mail subsidies. The government also grants exclusive rights of cabotage in domestic and colonial areas to French flag vessels. This latter form of aid is not unique since it is provided by most maritime nations.
4. (a) France is quite liberal with regard to use of foreign-built vessels and foreign labor on French vessels. French shipping interests ordinarily prefer to use French-constructed bottoms, but there is no real restriction upon purchasing foreign vessels.
- (b) France, at present, is operating a number of American-built Liberty ships purchased under the US Ship Sales Act (1946).
- (c) With respect to labor, there appear to be no requirements regarding the use of French nationals on French vessels, with the exception that a certain percentage of licensed personnel must be French.
5. (a) The French Government has always taken an active interest & in the development of international agreements, both official and private, regarding the merchant marine industry and is active in the International Labor Office, which promotes international agreements regarding working and living conditions aboard ship.
6. Merchant shipping policies are closely coordinated with civil air policies, since the government is heavily interested financially in both media of transport. Like many other countries, France is considerably more liberal in its policy toward

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the free flow of merchant shipping than in its policy toward "freedom of the air."

7. There are no legal restrictions upon ownership of air carriers by merchant shipping interests. In fact, COMPAGNIE GENERALE TRANSATLANTIQUE (the French Line) has a substantial ownership interest in Air France. Coordination of sea-air activity is emphasized and achieved through the authority of the Ministry of Public Works and Transport which has control over both sea and air activity.

B. ORGANIZATION

1. Merchant shipping is under the control of the Ministry of Public Works and Transport, and all regulations proposed by other agencies, public or private, must channel through the Ministry. The principal agency in the Ministry concerned with merchant shipping is the Secretary General for the Merchant Marine (SECRETAIRE GENERALE a la MARINE MARCHANDE), the other agencies in the Ministry having charge of purely subsidiary activities, such as ports and the fishing fleet. In addition to the Secretary General for the Merchant Marine (exercising nominal jurisdiction), the Transport Maritime virtually controls all French shipping through its powers of requisition. Transport Maritime, organized as a war agency, is still in operation and receives all revenue earned by the operators, and in turn pays out fees somewhat on the plan of the General Agency Agreement originated by the US War Shipping Administration with respect to American flag operations during the war and for some time thereafter. Transport Maritime is not planned as a permanent agency, but is scheduled for dissolution as soon as practicable.
2. Determination of policy and planning relating to the merchant marine is the responsibility of the Secretariat General referred to in 1. above. Departments and bureaus deal with specific problems such as: finance, personnel, materiel, training, freight rates, the fishing fleet, merchant marine hospitals and temporary conditions arising out of the war. Two of the eight bureaus are concerned with the interests of the state in the COMPAGNIE GENERALE (the French Line).
3. The agencies dealing with shipping operate under the Ministry of Public Works and Transport where they are subject to control and coordination. The merchant marine is directed through the Secretariat Generale de la Marine Marchande, which is independent of the various other agencies in the Ministry dealing with other forms of transport, such as rails, roads and air transport. The tight compartmentalism of these agencies in the Ministry appears to eliminate any substantial degree of administrative overlapping or conflict.

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4. The present Secretariat Generale de la Marine Marchande has evolved over a long period through several administrative forms. It was originally an independent Ministry until on orders of the Vichy Government the Merchant Marine Services were taken over by the Admiralty in 1940. They were subsequently placed by de Gaulle under the authority of the Ministry of Public Works and Transport where they now remain. While there is no official evidence that any consideration is being given to reorganization or creation of new agencies dealing with the merchant marine, there is little doubt that the organization of the Secretariat will be greatly changed if the proposed reorganization of the French Merchant Marine stressing national control should occur.
5. It is difficult to determine whether the criticisms currently leveled at French shipping are valid or are simply manifestations of dissatisfaction over the present disorganization of French transportation in general. The principal controversy is centered on whether or not the larger companies (those possessing 100,000 tons of shipping; equivalent to about 9 Liberty ships) should be subject to control by a government commission. This is being hotly contested but little progress is reported.

#### C. ADMINISTRATION

2. Rates charged by shipping companies are determined by the state which decides such matters in the light of the national interest, the interests of the operation being secondary. The French Government fosters and the companies participate in international rate conferences.
3. Competition for the purpose of bettering service is encouraged, but any action toward "cut-throat" competition which would strengthen one company at the expense of another in which the state has an interest would not be tolerated. All policy on competition is evaluated in the light of the ultimate profit to the state. France is party to many international and bilateral treaties, regarding traffic, rates and other related matters through the conferences referred to in 2 above.
4. There are established rules and procedures regarding inspection and investigation of accidents. The Council of Security (CONSEIL de SECURITE) in the Ministry of Public Works and Transport is charged with enforcement.
5. The government sponsors training of technicians for the merchant marine and has established and fostered technical schools for that purpose. Technicians of the officer class are licensed to perform certain duties in accordance with rigid examining procedures prescribed by the government similar to those of the United States.

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NETHERLANDS - MERCHANT SHIPPINGA. POLICIES

1. The Netherlands merchant fleet normally is privately owned and operated and the state exercises little control over the policies of merchant shipping operators. (The government position with respect to the merchant marine has paralleled to a considerable degree that of the UK.) Strict war-time state control over shipping was terminated in March 1946. The present partial state control over the merchant marine is a result of current heavy expenditures of public funds required to rehabilitate the war damaged industry.

It is the intention of the Netherlands Government to lift eventually the present partial control over merchant shipping and restore the industry fully to private industry. Conditions in Central Europe and political developments in the colonial Empire, however, may cause indefinite postponement of these plans.

2. Merchant shipping policies of the Netherlands are based largely upon political and economic considerations, relatively little attention being paid to military considerations, although in the late war, the Dutch merchant marine was of considerable assistance to the Allied cause.
3. The state normally does not directly subsidize ship construction. Before the war, the industry was aided primarily by loans and loan guarantees for construction. Assistance has also been given through duty exemptions on imports for construction purposes. Shipping interests also received government mail contracts, contributions to the Seamen's fund, and assurance of all government overseas shipments on vessels of Dutch nationals. Present policies continue such aids. At the present time, however, the state is granting operators additional assistance in the form of considerably more direct aid for construction of new shipping to replace losses sustained during the war.
4. Shipping operators may construct ships in Dutch yards, buy abroad, or build abroad, as they desire. There are no limitations on the use of foreign crews in the unlicensed ranks. There are restrictions, however, on the use of foreign nationals in licensed positions.
5. The Netherlands is a party to the International Labor Office agreements concerning working conditions and wages aboard ship. Dutch shipping companies are party to numerous international state and private agreements regarding rates, traffic, etc.
6. The state is endeavoring to work out policies coordinating

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sea and air traffic. It is well aware of the importance of air transport and is participating financially in KLM to an increasing degree. The state policy of freedom of the seas is matched by its willingness to grant freedom of its air space to other countries upon a reciprocal basis.

7. Three shipping companies own a minority interest in the Dutch airline KLM and are currently protesting the state proposal to establish a state monopoly of civil aviation.

B. ORGANIZATION

1. Merchant shipping is under the over-all control of the Director General of Navigation in the Ministry of Transport and under the immediate control of the Department of Shipping, (formerly an independent Ministry, but now under the Ministry of Transport). Direct government control, similar to the US War Shipping Administration, ended as of 2 March 1946. The Department of Economic Affairs issues safety regulations.
  2. The agency dealing directly with the merchant marine is the Department of Shipping. The agency contains a number of bureaus, each dealing with specific problems such as finance, welfare, inspection, training and qualifications, etc.
  3. The Department of Shipping is separate from the departments concerned with other forms of transport but is, like the others, directed and coordinated by the Ministry of Transport. There is no apparent overlapping between departments except in the case of inland water and ocean-going transport occasioned by the nature of port operations.
  4. The development of the merchant marine and the agencies of government concerned with it may be attributed largely to the geographic position of the Netherlands. Situated on an outlet of the Rhine, Rotterdam has long been one of the leading ports of the world. The ports of the Netherlands functioned before World War II as entrepôts for northwestern Europe, serving a great European hinterland. This strategic position of the Netherlands, together with extensive trade with the Dutch colonial empire, resulted in the development of a large merchant marine which has been traditionally a valuable source of foreign exchange.
- No reorganization of the existing Department of Shipping is contemplated, nor are new agencies to deal with maritime affairs to be created.
5. The Department of Shipping is apparently operating efficiently and the Dutch merchant marine is fast recovering from the effects of the war.

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C. ADMINISTRATION

1. The government, normally, does not attempt to control the inauguration of new shipping services, but requires that papers of incorporation be filed.
2. In contrast to the strict control exercised by the government over rail rates, no interest is manifested by the State in the establishment of either minimum or maximum freight rates in merchant marine traffic. The government is not concerned with the activities of shipping companies in regard to maritime conferences, since it considers such activities as commercial arrangements of little interest to the state.
3. Competition between Dutch ocean carriers is not controlled by the government but is somewhat regulated by the carriers themselves through the widespread practice of pooling facilities and traffic. Participation in international rate pools is subject only to approval by the Department of Shipping.
4. Safety regulations affecting the merchant marine are issued by the Department of Economic Affairs, and maintenance of standards is required by law.
5. The state is interested in the training of technicians for the merchant marine. There are schools for the training of masters, mates and engineers at Rotterdam, Amsterdam, (two), Den Helder, Flushing, and other locations.
6. Annual reports by the steamship lines are required by the Shipping Directorate of the Ministry of Transport. The reports include financial statements and statistical data on operations.